

NEWS RELEASE



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For Immediate Release

NEWS RELEASE SUMMARY - November 15, 2005

United States Attorney Carol C. Lam announced that Edmundo P. Rubi, who operated Knights Express, Ltd. and Djmler Enterprises, Inc., pled guilty to a two-count Superseding Information charging him with conspiracy to commit mail fraud and money laundering, in connection with his scheme to defraud investors out of more than \$12 million. Rubi entered his guilty plea in federal court in San Diego before United States District Court Judge Thomas J. Whelan on November 14, 2005.

According to the plea agreement, beginning in 1999 and continuing up to October 31, 2001, Edmundo Rubi, and others, formed and operated Knights Express Ltd., and Djmler Enterprises, Inc. and solicited investments from members of the public by making false, fraudulent, and misleading representations that investor funds would be used to purchase and resell federal reserve notes in an international trading program. In actuality, no such international trading program existed. Rubi admitted that he knew that the investors' funds were not being used for this investment program. Millions of dollars of new investors' funds were used to pay the periodic returns that earlier investors received. Rubi further admitted that he intentionally

concealed from investors the fact that millions of dollars of investor funds were converted for his own personal use and benefit. The total amount of funds raised from investors was approximately \$24 million, with losses totaling approximately \$12.4 million. Rubi also admitted that he laundered between \$10 and \$20 million of the proceeds derived from this fraudulent scheme.

On September 19, 2001, agents of the Internal Revenue Service, Criminal Investigation and Immigration and Customs Enforcement, executed search warrants on the Knights Express business offices. At that time, a Court-appointed receiver was assigned to locate investor funds and distribute those funds to the victims-investors. In his plea, Rubi admitted that on September 24, 2001, after being notified that he had been restrained by the court from transferring any assets belonging to Knights Express, he transferred approximately \$1 million from a Knights Express account at Lloyds of London to an account in the name of Pearl of the Orient in the Philippines in order to conceal these funds from the court.

On November 8, 2004, Luisa Rubi, Edmundo Rubi's wife, pled guilty to a money laundering conspiracy charge in connection with her role in this scheme. Luisa Rubi was sentenced to time served of 17 months.

On October 17, 2005, Genaro M. Aquino, pled guilty in connection with his role in this investment fraud scheme. Aquino pled guilty in United States District Court in San Diego to filing a false income tax return. He is scheduled to be sentenced on January 9, 2006.

Rubi's sentencing is set for February 13, 2006 at 9:00 a.m. before United States District Court Judge Thomas J. Whelan.

This case is the product of a joint investigation by the Internal Revenue Service, Criminal Investigation, and the Immigration and Customs Enforcement, Department of Homeland Security.

DEFENDANT

Edmundo Rubi

SUMMARY OF CHARGES

Title 18, U.S.C., Sec. 371 - Conspiracy to Commit Mail Fraud and Wire Fraud
Maximum penalty: Five years in custody; fine of \$250,000

Title 18, U.S.C., Sec. 1957 - Money Laundering
Maximum penalty: Twenty years in custody; fine of \$500,000

AGENCIES

Internal Revenue Service - Criminal Investigation
Immigration and Customs Enforcement, Department of Homeland Security